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CAT AND MOUSE

How network TV, advertisers and agencies played a high-stakes game

three blind mice

HOW THE TV NETWORKS LOST THEIR WAY

Ken Auletta

author of *Greed and Glory on Wall Street*

For network TV, 1987 was a pivotal year. Prices were rising at a double-digit pace, higher and faster than in any other advertising medium, yet network audiences were eroding.

During the summer, when advance, upfront sales are made for the TV programming season starting in the fall, advertisers and their agency negotiators for the first time began to talk about a "market correction."

But a correction didn't occur until this year—four years late. And then it was recession-induced. Ken Auletta's hot new

book, "Three Blind Mice," provides a front-row seat to what happened during that pivotal, high-powered summer of '87.

In 1980, \$5.1 billion of the \$81 billion spent on marketing products in the U.S. was spent on the three television networks. By 1987, the total monies available for marketing doubled, but so did the promotional budgets. And though network advertising rose to just under \$9 billion, its relative share of the total was declining.

All of which lent a sense of urgency to the 1987 network upfront sales effort. By June 17, 1987, Jake Keever [sales VP at ABC-TV] was able to distill his meetings and consultations into a three-page, single-spaced strategy memorandum. . . . Central to ABC's strategy was its intentions

(Continued on Page 34)

■ Key executives continue to leave WPP.

■ Already selling accounts receivable.

■ First-half pretax profits down 65%.

■ Can Martin Sorrell ride out the storm?

Sorrell's WPP empire under strain

By Laurel Wentz

LONDON—Maybe Martin Sorrell should have stuck to making wire shopping baskets.

Unlike his global communications empire, the small shopping basket company, acquired by Mr. Sorrell in 1986 as the foundation of his WPP Group, is doing just fine.

The same can't be said for WPP itself.

Last week, another key communications executive, Robert Dilenschneider, the president of WPP's Hill & Knowlton public relations unit, departed.

The 47-year-old Mr. Dilenschneider was replaced at New York-based Hill & Knowlton by Thomas Eidson, 47, its worldwide chief operating officer.

A source close to the situation said Mr. Dilenschneider this week will be negotiating with WPP over benefits and

payments; the possibility exists that Mr. Dilenschneider could end up starting arbitration proceedings against the company.

"I didn't resign," Mr. Dilenschneider emphasized last week.

Four former Ogilvy & Mather Worldwide executives have claims pending against WPP, and a WPP executive in London who left in March has a hearing before a U.K. industrial tribunal scheduled for late October concerning his allegation of unfair dismissal.

"I'm just one in a line" who have been fired, Mr. Dilenschneider said.

Even before that event, the financial community here, and Mr. Sorrell's own operating companies, had been watching closely to see whether his \$1 billion refinancing of WPP in April would be enough to ride

(Continued on Page 50)

Detroit fights back to regain share

Ford, Chrysler plan big hikes in ad \$

By Raymond Serafin

Ford Motor Co. and Chrysler Corp. plan to increase ad spending in 1992, trying to reclaim market share lost to Japanese rivals that spent aggressively in 1991 despite the economic downturn.

Ford's automotive division budgets could climb as much as 20%, though those figures haven't been firmed up, sources say. Ford is spending an estimated \$340 million in 1991 and Lincoln-Mercury an estimated \$115 million.

Alex Trotman, Ford exec VP-North American Automotive Operations, signaled the potential boosts in a recent interview when he acknowledged Japanese automakers had increased the marketing pressure.

"I think we probably right now are underspending," Mr. Trotman

said. "I haven't made any decisions as to what we might do about that, but it's something that could change very rapidly. We might decide we'd better turn up

"Given the kind of year we've had and the pressure on the industry, everybody's got to make a strong business case to generate more dollars."

the heat somewhat. . . . We watch the [competitive] data all the time, and we may well make a change over the next few months."

Chrysler has already added an estimated \$40 million to \$50 million to fourth-quarter ad spending (AA, Aug. 26). Sources peg

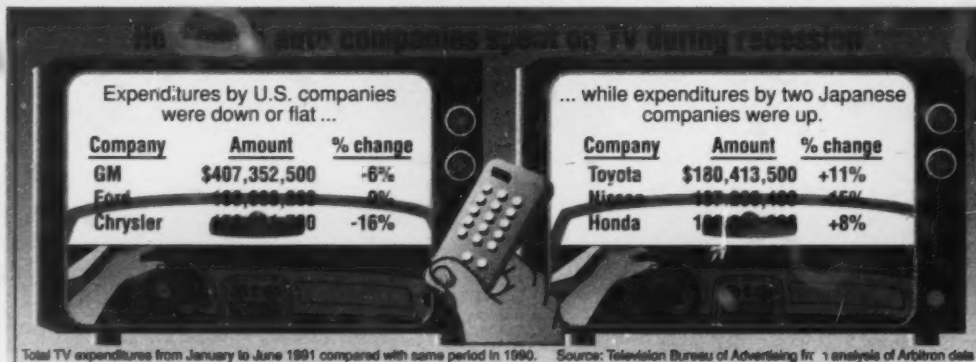
Chrysler ad budget increases for 1992 at 20% over this year's \$550 million level, largely to back the launch of the new Jeep Grand Cherokee during the Winter Olympics broadcasts on CBS-TV and next fall's launch of three key new midsize models under the company's so-called LH program.

"Chrysler has really made up its mind that it has to support its new products across the board," an agency source said.

Marketing executives at General Motors Corp. are still debating 1992 budgets, with a corporate decision on marketing plans not expected until later this year.

"Given the kind of year we've had and the pressure on the industry, everybody's got to make a strong business case to generate more dollars," said Jeff Hurlbert, general marketing manager at

(Continued on Page 51)



JOHN SMITH

Coke/CAA draws flak

Agent charges conflict of interest, unfair business

By Cleveland Horton

A lone voice in Hollywood is taking on the biggest and most influential talent agency in the nation.

The Charles H. Stern Agency, a talent shop specializing in placing celebrities in commercials, has begun a campaign to challenge Michael Ovitz's Creative Artists Agency and its recent alignment with Coca-Cola Co.

Charles Stern, president of the 30-year-old agency, has been visiting state and union officials to point out possible conflict of interest, unfair business practices

and restraint of trade issues.

Further, Mr. Stern said his agency has retained a law firm to research the legal issues surrounding the Creative Artists-Coca-Cola deal. He wouldn't identify the firm, however.

"How is it possible to represent talent, with his list of 650 clients, and represent the best interest of the employer?" Mr. Stern asked. "How can he get both the best person and the best price?" Mr. Ovitz is chairman of Creative Artists.

Early this month, Coca-Cola named Creative Artists "worldwide media and communications consultant," charged with devel-

oping "global strategies for marketing, promotion, new technologies, sports, arts and entertainment."

Any charges of conflict of interest were dismissed without merit by a Creative Artists spokesman.

"The relationship [between Creative Artists and Coke] is not about talent and commercials," he said. "We've made it clear from the get-go that that's not what it's about. This is about global strategy. This has nothing to do with talent."

Mr. Stern met with California Acting Labor Commissioner

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LAST MINUTE NEWS

Baby Bells bill looms

WASHINGTON—U.S. Rep. Jim Cooper (D., Tenn.) is expected to introduce, perhaps as early as this week, legislation that would keep the Baby Bells out of the information services business until "effective competition" exists in the industry. The definition of effective competition was still being worked on, an aide said. The newspaper industry opposes the Bells' entry into

information services. U.S. District Judge Harold Greene in July ruled the Bells, banned from information services following the 1984 breakup of AT&T, should be allowed to enter the business.

Steiger opposes FDA, ad link

WASHINGTON—Federal Trade Commission Chairman Janet Steiger said she opposes legislation that would extend the Food & Drug Administration's regulations over food labeling to food advertising. In a letter to U.S. Sen. Slade Gorton (R., Wash.), Ms. Steiger said regulation of ad-

vertising and labeling should be based on different standards because advertising is intended to attract consumer attention while labeling's purpose is to provide information.

BBDO to go it alone in Moscow

MOSCOW—BBDO Marketing bought out its partners Vneshtorgizdat, a foreign trade organization, and German-owned publisher Burda Verlag, and is applying to the Russian Republic to register as a wholly owned BBDO subsidiary. General Director Bruce

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INSIDE

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Rerun: Seven-Up calls up the old "uncola" slogan. Page 4.

~
 IF YOU
 ~
 WANTED TO START
 ~
 A MAGAZINE
 ~
 PERFECTLY SUITED
 ~
 TO THE '90s,
 ~
 WHAT WOULD IT LOOK LIKE



A magazine for the educated lifestyle

NEWS SUMMARY

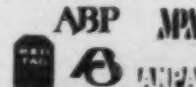
- **Robert Dilenschneider's** exit as head of Hill & Knowlton comes amid financial pressure on parent WPP Group. ... **1**
- **Charles H. Stern**, whose agency specializes in placing celebrities in commercials, is challenging the propriety of the Creative Artists Agency alignment with Coca-Cola Co. **1**
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- **Democratic presidential candidates** Sen. Tom Harkin and Gov. L. Douglas Wilder are said to be generally friendly toward advertising. **44**
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Cat and mouse: High-stakes game

(Continued from Cover)

to follow the leader—NBC. Or, as NBC's own internal strategy memorandum—which called for a 6% unit price increase—correctly anticipated:

"The competition is facing the same pattern of program cost increases. If they are smart, they will hang back to see what NBC does, let NBC take the heat for price increases, then adopt the same strategy and tuck in behind us. . . . We believe this is a year to go for unit price increases rather than volume, although a minimum upfront sales volume of 50% is essential as a sales 'base.'"

Day after day went by in June 1987, with Keever and members of his sales force relaying rumors, meeting most mornings, passing on information about whether the ad agency or the advertiser insisted on guarantees, whether they would forego them for the right price, whether they wanted to be among the first to take the plunge or wait.

The advertisers' perspective was a little different. Some ad agencies looked at the networks and saw weakness. Irwin Gottlieb, senior VP at D'Arcy Masius Benton & Bowles, saw the networks in decline. All of Gottlieb's data—about how much each network sells each quarter and to whom, about how much is sold upfront, the average cost per thousand, the number of 15-, 30- and 60-second spots sold—are computerized by network. From the vast data at his fingertips he concluded that the network upfront was no longer crucial to advertisers.

"My office used to be called 'Network Programming.' It isn't anymore," he said. "It is now called 'National Broadcast.' So in some respects what we do with the networks is tactical, not strategic. . . ."

Despite the erosion of the network advertising dollar and audience share, the Big 3 still retained enormous clout. Pete Tyrrell of Johnson & Johnson, who spent \$160 million in network television, making J&J one of the top 10 network advertisers, saw the Big 3 differently than Gottlieb did.

"One thing I know for sure, the networks always have more information than I have," he said on June 16, on the eve of the 1987 upfront. "That's the leverage—intelligence." The network sales team had access to 100 ad agencies. Unlike Irwin Gottlieb, Pete Tyrrell saw only network power. . . .

He was determined to cut the best deal he could, and toward this end he conducted eight strategy meetings with J&J's five ad agencies, including their principal agency for the networks, Young & Rubicam. Over lunch . . . Tyrrell outlined J&J's upfront strategy: "We'll go to NBC first with a big number"—\$60 million. "We'll probably go to NBC early. We'll let them think they're getting J&J out of the way early. We're thinking that if we make an early deal we get the best inventory and we do it before they get too cocky." Tyrrell was prepared to throw them a bone. "NBC daytime sucks," he said. "Two years ago we closed them out of daytime. If we give them \$10 million in daytime, that's a big favor. In return, they give us some benefits in prime time and in 'Nightly News.'"

Once he had locked up a deal with NBC, Tyrrell said, "we go to the other two networks and offer them all our remaining money, or part of it, and threaten them with a two-network buy." . . . That is precisely what Tyrrell did to No. 1 ABC in 1977—shut it out after ABC demanded prices he found unreasonable. . . .

The upfront market broke for ABC early in the week of July 6, only hours after NBC cut its initial deals. By the time Keever lunched on Tuesday with top executives of J. Walter Thompson, which ranked fourth in broadcast spending among all ad agencies, he was determined to impress on them that ABC had already sold \$145 million in ads. . . . The next morning Keever met with the fifth largest ad agency, BBDO, to spread the same message. . . . "The more orders you write," observed Keever, "the more people feel comfortable with the marketplace."

All through that week on Keever's 36th floor, hollow-eyed account executives sat behind closed office doors, huddled with ad agency representatives or bent over phones negotiating deals or whispering of other deals already made, warning that the ABC rate card might rise. Bedlam ruled the corridors as nervous agency honchos waited

Dealing with panic

Helping to induce this panic [by advertisers during the upfront buying frenzy] was part of [ABC Sales VP] Ray Warren's job. The bearded Warren had played the game from both sides, having worked at Benton & Bowles. Although he was now the seller, he acted like a buyer. Late that night he telephoned one of his agency customers at home. The customer was willing to spend \$12 million upfront, and since the client was a public utility it wanted its spots in a serious setting and chose "20/20." But the price was high.

"The price is \$9.68 per thousand," Warren said into the speaker phone. "We did everything we could to get the number down to \$9.50, but couldn't. . . . Are you happy?"

"I'm getting happy," answered the account executive. "How can we move this a little bit more? The \$9.68 is still a tad high."

"We'll split the difference—\$9.59."

"How about \$9.55?"

"I'm really not going to get below a 13% increase, which is \$9.58," said Warren. "Maybe I can shave a nickel off by dropping ads from a better to a weaker show. What if we knock off a few 'Hoopermans' and 'Slap Maxwells' and move them to the Monday movie and 'Ohara'?"

Deal.

After the account executive hung up, Warren said his real bottom line was \$9.22 per thousand.

—Ken Auletta

three to four working days, not the usual two weeks, a record. ABC had planned to sell only \$850 million and wound up selling \$985 million upfront. In all, ABC sold 90% of its entire year's prime-time inventory in the upfront market. . . .

Prime-time upfront sales at the other two networks were equally robust in 1987. CBS sold about \$900 million and NBC \$1.2 billion. And each network got price increases—5% per unit in ABC's case, even though ratings for the 1986-87 year had dropped 12% in prime time. By contrast, NBC's ad rate jumped by about 10% and CBS' by less than 5%.

But why should a network sell more ads even when its audience declines, as ABC's did? . . . The demand was greater for network time than the supply. But why would demand be up? One explanation is that advertisers still needed the networks' mass audiences for their new products, even if the audience had eroded. A second explanation is that the ad agencies were even more anxious than the networks about the new [Nielsen] people meters and sought the security of the minimum audience guarantees offered upfront rather than risk higher prices in the scatter market.

A third explanation is that since 1988 would be cluttered with ads for both the Olympic Games and a presidential contest, advertisers chose to beat the clutter by pouring more resources into 1987.

Another explanation is that since all three networks held out for price increases and none folded, advertisers could not play one off against the other, as Pete Tyrrell hoped to do for . . . Finally, there was panic. As ABC's Ray Warren explained: "It's when Benton & Bowles hears that Y&R is doing business and everybody says, 'What did they think of that we did not think of?'"

Jake Keever chose not to gloat, but Pete Tyrrell was willing to complain. "It happened just as we said it would. . . . They got all the lemmings lined up and convinced them it was a good thing to cross the river. And all of them drowned." □

These are excerpts from the book, "Three Blind Mice," by Ken Auletta. Copyright 1991 by Ken Auletta. Reprinted with the permission of Random House.

'Beverly Hills' top of class

By Janice Kelly

Cover Story is a monthly ranking of celebrities' popularity as reflected by their appearance on the covers of more than 30 of the nation's leading publications.

MEDIA WORKS

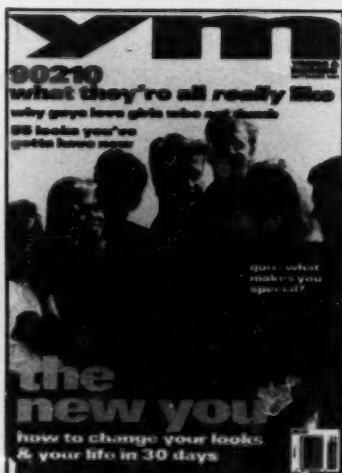
September issues brought TV stars to the fore as the fall season began.

Topping the list was the cast of "Beverly Hills 90210," riding high on publicity from the hit Fox series.

The newest brat-pack—including actors Jason Priestley, Sherry Doherty and Luke Perry—earned 7.5 points from appearances on magazines including *Entertainment Weekly*, which called the show "TV's hottest number," and *US*, which touted "TV's hottest high school."

Seventeen said it was readers' favorite; *YM* profiled the actors to show "what they're all really like." The show is so popular that Welsh Publishing Group next month plans to launch a quarterly magazine based on the series.

COVER STORY



The young stars of "Beverly Hills 90210" are the hottest ticket in town.

Cover Story assigns point values to cover appearances based on such factors as prominence of the photo and frequency of the publication.

Close behind in a second-place tie at 6 points were actress Demi Moore and Princess Diana. Ms.

Moore won attention with the birth of her second child with husband Bruce Willis. Controversy surrounded Ms. Moore's appearance, pregnant and nude, on the August cover of *Vanity Fair*.

Stories about Princess Diana focused on a friend's death from AIDS.

Fourth place was a six-way tie at 5 points. Bruce Willis appeared on the cover of *Spy* in a parody of his wife's photo on *Vanity Fair*; Barbra Streisand and Nick Nolte teamed for the upcoming movie "Prince of Tides"; actress Ann Jillian announced she's pregnant; and talk show hosts Kathie Lee Gifford and Regis Philbin hosted the Miss America competition.

Tenth place went to Loni Anderson and Burt Reynolds, with stories on their marriage and family earning 4.5 points.

Among other celebrities on September's newstands were Delta Burke, Kirstie Alley, Betty White, La Toya Jackson, Suzanne Somers, Patrick Duffy, James Garner, Redd Foxx, Mark Harmon and Robert Guillaume, each with 4 points. Several star in TV shows premiering this season. □

Joe Mandese coordinates MediaWorks.

Networks have least non-program clutter

Minutes per hour for prime time, Nov. 12-18, 1990

	Nat'l & local paid spots	Nat'l promos	Local promos	Other*	Total
ABC, CBS, NBC (average)	9:00	2:00	:32	1:03	12:35
Fox	10:50	1:19	1:05	1:02	14:16
Independents	11:37	:06	1:25	1:25	14:33
Cable (5-network avg.)	10:58	1:43	:00	1:09	13:50

* Includes billboards, PSAs, bumpers/separators, credits, station IDs and trailers. Cable stations are CNN, ESPN, The Family Channel, USA and WTBS. Source: Network Television Association

KIMBERLY MART

Nets show lowest clutter

NEW YORK—Network TV clutter is on the rise, but the Big 3 networks are still the least cluttered of all TV outlets, according to a new study by the Network Television Association.

The analysis of all non-programming time—including paid commercials, station and network promotions, billboards, public service announcements and station IDs—found the Big 3 averaged only 12 minutes and 35 seconds of non-programming time

per prime-time hour. That compared with 14 minutes, 33 seconds for independent stations.

"In terms of paid commercialization, network programming only had 9 minutes of national and local commercials. All other venues studied were all around 11 minutes or above," said association President Peter Chrsanthopoulos.

The study is based on an analysis of data from Arbitron's Broadcast Advertisers Reports. □

GM divisions stake out territory for truck battle

By Raymond Serafin and John P. Cortez

General Motors Corp.'s Chevrolet and GMC Truck divisions are positioning themselves to fight the expected Japanese entries into the full-size pickup truck market.

Both divisions have revamped advertising for their full-size pickup trucks for the 1992 model year, staking out positions for the looming battle. GM officials expect Toyota Motor Sales USA and possibly American Isuzu Motors, Nissan Motor Corp. USA and Mazda Motor of America will join the fray by 1993.

Full-size pickups are a \$20 billion-a-year segment, according to *Automotive News*.

Chevrolet's new campaign uses the Bob Seger song "Like a Rock" and visuals of workers using their trucks to underscore the vehicles' dependability and durability.

GMC is introducing a new theme line, "The strength of experience," using its 89-year-old heritage as a way to similarly emphasize reliability and durability.

Research showed import truck owners list dependability as their No. 1 reason for purchase, said Jeff Hurlbert, Chevrolet general marketing manager.

"If you look at how you blunt a competitive move by the Japanese, you talk about quality—dependable, long-lasting products," he said.

The focus on the coming Japanese competition means a truce in the Chevy/Ford comparative ad wars, Mr. Hurlbert said. In 1990, Ford Motor Co.'s Ford Division led the full-size pickup segment with a 42% share, followed by Chevrolet at 39.2% and GMC at 11.4%.

The Seger music is used in at least nine TV spots for Chevrolet, including a 60-second commercial breaking Oct. 2 on the "Country Music Awards Show" on CBS.

"The lyrics really align themselves with the characteristics of the truck, as well as the people who own and use the trucks," said William Ludwig, exec VP in charge of Chevrolet creative at Lintas/Campbell-Ewald, Warren, Mich.

The new advertising is "the most researched truck advertising campaign in Chevrolet history," said J.C. "Jim" Perkins, Chevrolet general manager.

The 5-year-old "Heartbeat of America" theme appears only in a visual tag at the end of the spots, though it's retained in Chevrolet car advertising.

Voice-overs emphasize attributes such as the fact that 98% of Chevy trucks sold in the past 10 years are still on the road.

Each spot closes with the voice-over saying, "Chevrolet. The trucks you can depend on. The



Chevy's new spots use Bob Seger's "Like a Rock."

trucks that last."

The commercials were directed by Jim Minera of Michael/Daniel Associates, Santa Monica, Calif.

Mr. Hurlbert said trucks and regional ad efforts would get proportionately more of the division's 1992 ad budget. It's estimated 1991 ad spending will be about \$380 million, broken down as about \$140 million for cars, \$100 million for trucks, \$75 million for regional efforts controlled by four area marketing managers and \$65 million for Geo.

GMC Truck is doubling its 1992 ad spending to an estimated \$70 million to support its five launches and the rest of its 1992 models.

Five TV :30s break Oct. 8, via McCann/SAS, Troy, Mich.

The spots reflect traditional American values, said Lewis B. Campbell, VP-general manager of GMC Truck. They show b&w stills of people using old GMC trucks, followed by a collage of shots featuring GMC trucks in dependable roles.

The spots will run on network cable, said Candace Robbins, McCann/SAS general manager.

A heavy print campaign will also tout specific products; about 30% of total spending will go to print.

This is the first major campaign since McCann/SAS was formed a year ago when McCann-Erickson Worldwide, which handled GMC's image advertising, bought out Competitive Edge's Detroit and Boston offices, which handled GMC's regional and dealer support groups.

"We have our own captive ad agency that we intend to use in a broader sense than the traditional agency," Mr. Campbell said. "Whether it's teaching a salesman how to sell our products or designing show exhibits, there aren't many things that relate to our dealers, products or customers that [McCann/SAS] shouldn't be able to handle for us." □

Taxing ideas: One down and one to go

By Steven W. Colford

WASHINGTON—A congressional task force, after several months of deliberations, has decided not to propose a national tax on advertising as a way to pay for publicly financed elections.

The long odds of winning such a fight, coupled with the economic doldrums already besetting the industry, made it "very unlikely" coming legislation would include an ad tax, said Perry Pockros, the task force staff director.

The seven-member group, formed in February to develop sweeping legislation to change federal election practices, is expected to unveil proposals as early as this week or next.

"The ad tax will not be part of the bill, I can almost definitely say," Mr. Pockros said. "There is only an outside chance that it will get back in."

"There was general concern that an ad tax would not be the way to go on this, that it was too far afield to go and that it would involve too much criticism."

U.S. Rep. Sam Gejdenson (D., Conn.), the task force's chairman, in June told a congressional committee that a 0.25% tax on media advertising, to be collected by broadcasters and publishers, was under consideration.

There were a "handful" of meetings between Rep. Gejdenson and industry lobbyists, Mr. Pockros said.

"In general, we agreed that in a recessionary framework that this kind of a burden would be harmful for the economy, especially for a mechanism that is a spur to product development," he said.

Mr. Pockros said task force members are still interested in the concept of an ad tax. "Rep. Gejdenson

was in favor of it," he said.

The ad industry also appears to have escaped a second tax threat, though that could change this week.

The House Ways & Means Committee slated an Oct. 2 hearing on legislation to require amortization of the value of intangible assets and good will purchased by businesses over 14 years.

Industry observers had feared the legislation would include advertising. But fortunately for the industry, Rep. Dan Rostenkowski (D., Ill.), the committee's chairman and the bill's sponsor, isn't in favor of changing advertising's current status as a fully deductible business expense.

However, it's expected there might be an attempt to include advertising.

"I think someone is bound to raise the issue of created intangibles, such as advertising," said Jim Davidson, a lobbyist for the advertising and media industries. "We know the chairman and staff are committed to not including it. . . . Our exposure will be if someone wants to change the bill."

That someone might be Rep. Richard Schulze (R., Pa.), a committee member and longtime advocate of changing advertising's fully deductible status.

A spokesman for Rep. Schulze said he's "sure" advertising's exclusion from the bill would be raised during the hearing.

"There is a natural link between an examination of intangibles and the writing off of them and the deductibility of advertising," the spokesman said.

Further pressure could come from the General Accounting Office, which recently issued a report on tax policy recommending intangibles such as advertising be amortized, Mr. Davidson said. □

Cars

(Continued from Page 1)

GM's Chevrolet division.

Through September 1991, Detroit auto marketers had 70.2% of the combined car and light-truck market, down 1.6 points from the same period last year. On the other hand, Japanese brands increased their share by 2.1 points to 25.9%, according to *Automotive News*. Each automotive market share point represents about \$2 billion in annual sales.

U.S. auto marketers, especially GM and Chrysler, reined in their ad spending during the first half of recession-plagued 1991, opening the door for their Japanese rivals to steal market share.

Toyota and Honda led the aggressive marketing push that capitalized on the opportunity.

Of all the auto companies, the only ones to boost TV ad spending in the first half of 1991 were Toyota, Honda and Isuzu, said Jim Joyella, president of the Television Bureau of Advertising, which just released its report on network and spot TV ad

spending.

Although reports from other media aren't available yet, TV spending typically accounts for about half of a major auto marketer's total ad spending.

The correlation between ad spending and market share highlights an important difference in competitive approaches between U.S. and Japanese companies.

Domestic marketers, responding to pressures for quarterly earnings, have historically tended to trim spending in marketing and even product development in an effort to stay in the black. Japanese companies have traditionally taken a longer view of the competitive battle.

"We look further out," said Ren Rooney, Toyota's corporate marketing manager. "We had a strategy that we set out early, and we like to keep a course when we decide on it."

The Japanese-based auto marketers "see their share in a growing position; they have a lot of new products and they have the means to support it from a marketing standpoint," said Philip Guarascio, GM's executive-in-charge, corporate marketing and

advertising. "They believe in advertising, and they certainly have a willingness to invest and spend against their products."

Industrywide TV ad spending fell 9% to \$1.375 billion in the first half of 1991, TvB said. First-half TV spending numbers, com-

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pared with the same period a year ago, for U.S. and Japanese companies: GM, \$407 million, down 6%; Ford, flat at \$198 million; Toyota Motor Sales USA, up 11% to \$180 million; Chrysler, down 16% to \$158 million; Nissan Motor Corp. USA, off 15% to \$107 million; and American Honda Motor Co., \$100 million, up 8%.

Also, Mazda Motor of America, down 12% to \$61 million; Mitsubishi Motor Sales of America, down 18% to \$34 million; American Isuzu Motors, up 3% to \$25 million; and Subaru of America, off 38% to \$20 million.

Mazda and Subaru each were holding back substantial funds for major second-half product launches.

Market shares for the first half were GM, 35.5%, down 0.4 points; Ford, 22.9%, down 1.1; Chrysler, flat at 12.4%; Toyota, 7.7%, up 0.6; Honda, 6.5%, up 0.5; Nissan, 4.4%, up 0.1; Mazda, 2.9%, up 0.4; Mitsubishi, flat at 1.6%; Subaru, 0.9%, up 0.2; and Isuzu, 0.9%, up 0.1.

Chrysler President Robert Lutz, interviewed last month, acknowledged Japanese marketers were "buying share."

"The incentive levels, dealer cash levels and per-unit advertising, I think, are all at record highs for Japanese brands," Mr. Lutz said.

But he said it's possible to win back share, pointing out that Ford dropped to 16% of the market during the recession of the early '80s but rebounded to more

than 20%.

"In a downturn, you cannot permit all your share to erode, because you'll start losing dealers and you'll never get it back. On the other hand, you can't buy share at all costs," Mr. Lutz said. "You've got to find the right balance."

Plans to boost 1992 model-year spending as much as 20% from an estimated \$50 million in 1991 at Nissan's Infiniti division illustrate how Japanese auto marketers map out their plans with long-term goals in mind.

"Our marketing spending is not tied into the economic recovery," said William Bruce, VP-general manager at Infiniti. "It's tied into our plan on volume and number of dealers and the number of markets we're going to be in."

Mr. Bruce said Infiniti's 1992 model-year ad spending will increase an undisclosed amount based on plans to add 20 to 25 new dealers to its roster of 106; launch a new model next spring; and boost sales some 21% to about 45,000 cars. □

Cleveland Horton contributed to this story.

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